A2500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 8 AUGUST 1986

Paper and Paperboard Production: Continuing Strong

Paper and paperboard production continued its strong performance in July and held close to the 6 million tons per month level on a seasonally-adjusted basis. For the first seven months of the year, production gained 5% over its year-ago level and annualized to a rate of 70.3 million tons, which is 2.7% over the previous record set in 1984. Paperboard output posted an advance of 7.2%, in part due to a strong showing in production for export, which reached a level 12.3% over the corresponding figure for the first seven months of 1985. Preliminary weekly figures indicate that even with the lingering effects of the vacation shutdowns, production levels are returning to the brisk pace they had reached in mid-June.

Some of the more notable trends among the various grades include: Uncoated free sheet papers at 10.4 million tons per year, up 8.3%; newsprint at 5.6 million tons per year, 2.1% over its year ago level; and boxboard and containerboard production for domestic use some 6% above their year-ago levels.

Paper: Total paper production for the January-July period was 2.9% above its year-ago level, with a mixed performance for the individual grades. During that same period, the production of printing and writing papers, which currently represents a little more than half of total paper output, was up 4.5% over the comparable 1985 level, reaching an annual rate of 19.3 million tons for a new high.

Uncoated free sheet papers led the way with an 8.3% gain over year-ago levels in the January-July period. At an annual rate of 10.4 million tons, uncoated free sheet production reached a new high, reflecting the continued strength in demand for office copy papers and papers used in conjunction with computer technology. Despite the decline in the value of the U.S. dollar in international markets since March 1985, imports of uncoated free sheet papers in the first half of the year

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surged 28.5% over the 1985 level. The current annual rate of imports of nearly 450,000 tons still represents about 4.5% of the total new supply (production plus imports minus exports). Confidence in the growth potential of this market is reflected in the aggressive capacity plans of manufacturers. API's Capacity Survey shows that 230,000 tons of uncoated free sheet paper capacity will be added this year and another 550,000 tons are expected on line by the end of 1987.

Production of newsprint continues to move ahead of last year's sluggish pace. U.S. consumption of this grade for the first half of 1986, at an annual rate of 13.7 million tons, was nearly 9% above the record consumption levels reached in 1983 and 1984. This gain reflects the growing needs of newspaper publishers, which account for about 75% of the total newsprint used in the U.S. Imports declined 1.1% from their year-ago levels in the first half of the year, but they continue to supply about 61% of our needs, with Canada alone supplying about 57% of U.S. consumption.

Coated paper output lagged slightly behind the total attained in the first seven months of 1985. Shipments were down 1.2%, due to some softening in the demand from magazine publishers. About 40% of the coated papers produced and consumed in the U.S go to this market. A decline of 1.3% in magazine advertising pages in the first five months of this year explains a large part of the loss. Shipments to the other major consumers of coated papers -- namely, commercial printers -- were 0.3% above their year-ago levels in the first half of 1986.

Among the other paper grades, tissue production continued to gain on the record high rates attained in 1984 and 1985. At an annual rate of almost 5.0 million tons in the first seven months of the year, this grade advanced 1.3% over the comparable level in 1985. Bleached bristols and cotton fiber paper output were well up, 5.9% and 8.6% above the first seven months of 1985 respectively. Total packaging and other papers were down 0.4% from a year ago.

Paperboard: The paperboard sector of the industry turned in a particularly strong performance in July. The shutdowns for vacation and repair were much shorter than usual, and the seasonally-adjusted production rate, as shown on the table on page 3, moved above the 3 million tons per month level.

The unadjusted production total of 2,893,000 tons was 8.9% above the July 1985 total. Some of the gain in production this year over last is attributable to a more stable inventory trend.

Continued on page 11

PAPER AND PAPERBOARD STATISTICS

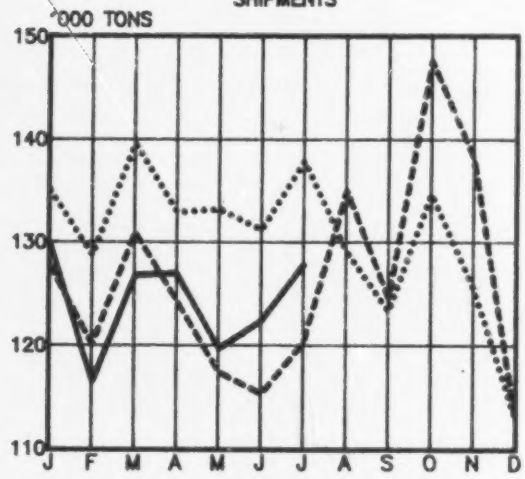
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1984	YEAR 1985	APR. 1986	MAY 1986	JUNE 1986	JULY 1986	Annual Rate Y-T-D 1986	% Change From same Period Last Year
PAPER								
Newsprint - Production	5539	5428	451	492	463	477	5603	2.1
- Shipments	5584	5417	458	489	469	465	5519	1.5
Printing & Writing sum	18397	18450	1606	1609	1626	1589	19318	4.5
Groundwood Paper - Shipments	1565	1516	127	120	123	128	1493	1.6
- New Orders	1575	1477	127	115	139	158	1565	9.4
-Unfilled Orders	140	106	103	99	117	153	153	25.7
Coated Papers - Shipments	6249	5875	510	497	504	482	6007	-1.2
- New Orders	6281	5642	479	487	529	552	6211	8.8
- Unfilled Orders	575	393	405	402	424	503	503	28.5
Unctd Free Sheet - Shipments	9207	9750	856	877	877	872	10438	8.3
- New Orders	8939	9704	866	904	875	889	10566	10.9
- Unfilled Orders	430	509	540	570	563	592	592	30.6
Thin Papers - Shipments	267	241	19	20	18	19	232	-4.0
Cotton Fiber Paper - Shipments	147	144	13	13	13	11	152	5.9
Bleached Bristols - Production	961	924	81	83	92	76	996	8.6
Tissue Paper - Production	4921	4941	424	444	421	360	4997	1.3
Total Packaging & Other Paper	5555	5202	442	435	417	422	5153	-0.4
Unbl. Kraft Paper - Shipments	3666	3403	292	282	274	285	3401	0.2
Other Paper - Production	1889	1799	150	153	143	138	1752	-1.6
TOTAL PAPER-Production-Unadj.	34411	34021	2923	2980	2926	2848	35070	2.9
-Production-S.A.			2929	2924	2953	2986	35089	3.0
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25404	2229	2360	2307	2256	27088	7.0
Total Unbl. Kraft Paperboard	17185	16368	1424	1529	1508	1439	17455	6.8
Unbl. Kraft Linerboard (1)	16037	15183	1348	1411	1385	1327	16103	6.3
Production for Export	2086	1830	156	169	181	163	2046	14.3
Other Unbl. Kraft Paperboard	1149	1184	76	119	123	111	1352	13.5
Semichemical Paperboard	5169	5088	443	457	452	441	5300	5.1
Production for Export	149	189	15	13	15	14	176	1.0
Solid Bleached Paperboard	4048	3948	361	373	347	377	4333	10.0
Production for Export	478	466	50	46	43	46	515	9.8
Recycled Paperboard	7637	7630	697	705	671	637	8146	8.1
Production for Export	17	26	2	2	3	2	25	-4.4
TOTAL PAPERBOARD-Prod.-Unadj.	34039	33034	2926	3065	2978	2893	35234	7.2
- Containerboard Prod.(Dom. Use)	20993	20042	1753	1862	1810	1769	21236	6.4
- Boxboard Prod.(Dom. Use) (2)	5783	5673	504	514	485	475	5994	6.1
- All Other P'bd Prod.(D.U.) (2)	4531	4808	445	459	441	424	5241	9.7
- Total Paperbd Prod. for Export	2731	2511	223	230	242	225	2763	12.3
TOTAL PAPERBOARD PROD.- S.A.			2917	2903	2931	3020	35005	7.2
TOTAL PAPER AND PAPERBOARD								
Production - actual	68450	67055	5849	6045	5904	5742	70304	5.0
Production - S.A.			5847	5827	5884	6006	70094	5.0

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

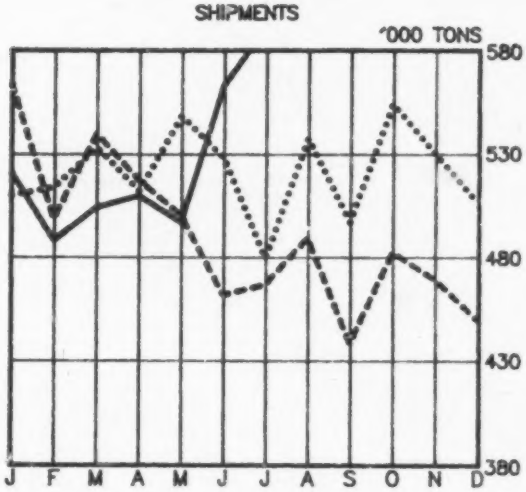
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



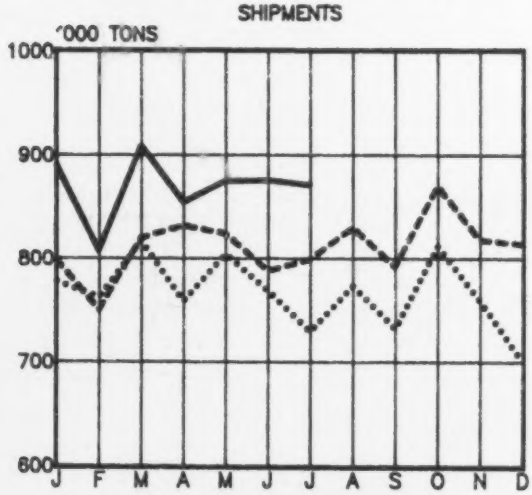
COATED PAPER

SHIPMENTS



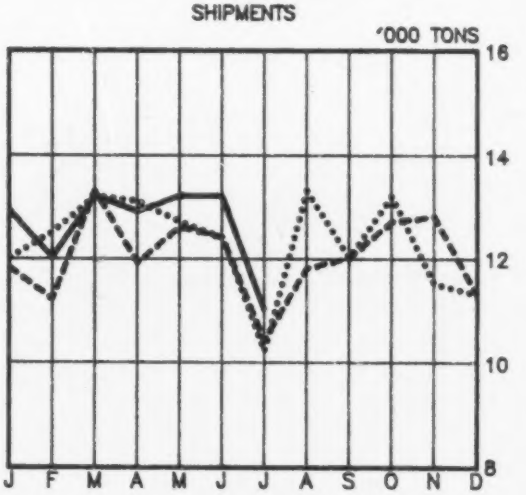
UNCOATED FREE SHEET PAPERS

SHIPMENTS



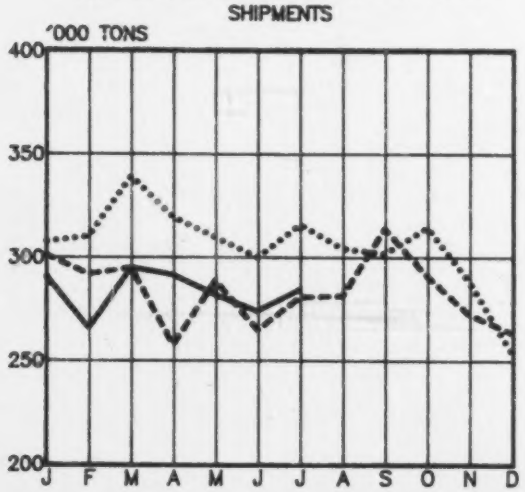
COTTON FIBER PAPER

SHIPMENTS



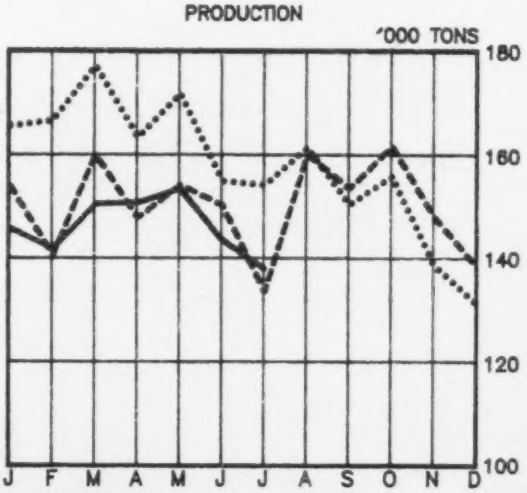
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ····· 1985 - - - - - 1986 ——

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1984	YEAR 1985	MAR 1986	APR 1986	MAY 1986 R	MAY 1986 P	Annual Rate Y-T-D 1986	% Change from same Period Last Year
TOTAL WOOD PULP								
Total Wood Pulp - Production	55470	54170	4844	4763	4771	4807	56873	4.4
- Imports	4490	4466	387	349	422	370	4492	-0.3
- Exports	3594	3791	414	358	365	372	4437	14.9
- New Supply	56367	54844	4816	4754	4828	4805	56929	3.2
Dissolving Pulp - Production	1206	1174	109	97	110	107	1248	-1.3
- Imports	161	175	22	22	13	22	245	55.3
- Exports	595	631	57	62	63	54	678	-7.6
- New Supply	772	718	74	58	60	74	816	18.4
Paper Grades - Production	44690	43696	3922	3859	3856	3909	46104	5.2
Chemical Pulp - Imports	4023	4104	361	320	385	343	4146	-0.1
- Exports	2945	3131	340	292	299	314	3687	18.9
- New Supply	45767	44668	3942	3887	3942	3937	46564	3.8
Groundwood and - Production	5506	5251	467	459	466	447	5453	2.1
Thermo-Mech. - Imports	306	187	5	7	24	6	100	-48.2
- Exports	54	29	16	4	3	4	72	160.3
- New Supply	5758	5409	455	462	486	449	5481	-0.5
Semi-Chemical - Production	4069	4050	346	347	340	345	4068	0.1
- Imports			- - - - - Included in Groundwood Pulp - - - - -					
- Exports								
- New Supply	4069	4050	346	347	340	345	4068	0.1
MARKET WOOD PULP								
Total Market - Production	6898	6800	636	587	623	681	7476	8.6
Wood Pulp - Imports	2968	2791	270	247	281	255	3039	9.9
- Exports	3511	3784	391	355	321	424	4489	15.5
- New Supply	6355	5807	515	479	583	512	6026	4.6
Dissolving Pulp - Production	1205	1171	108	97	109	105	1238	-2.0
- Imports	204	174	22	22	10	20	213	23.0
- Exports	690	666	55	66	57	68	713	-4.1
- New Supply	718	679	75	52	61	57	739	6.4
Paper Grades - Production	5680	5605	526	491	512	533	6146	9.7
Chemical Pulp - Imports	2664	2531	244	221	253	225	2739	8.6
- Exports	2821	3117	336	289	264	357	3777	20.2
- New Supply	5523	5019	434	422	502	402	5107	2.6
Groundwood Pulp - Production	14	24	2	0	1	43	93	309.7
and All Other - Imports	100	86	4	4	19	10	87	26.0
- Exports	1	1	0	0	0	0	0	0.0
- New Supply	114	109	6	4	20	52	180	100.9

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

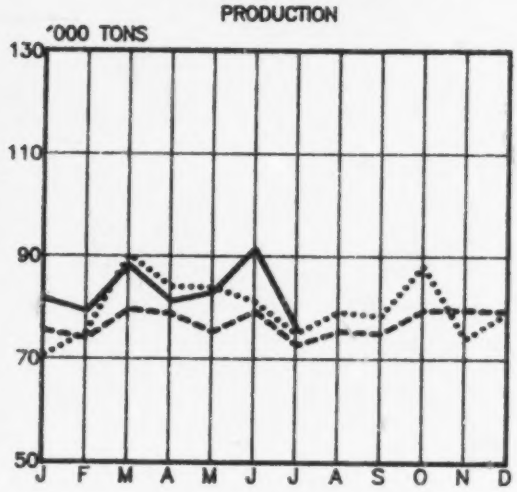
FIBROUS RAW MATERIALS
(Thousands of tons)

					R	P		
CONSUMPTION AT PAPER & PAPERBOARD MILLS								
Total	70488	68584	6171	5976	6149	6044	72096	5.0
Total Wood Pulp	54562	53297	4739	4619	4706	4660	55432	3.9
Waste Paper	15926	15290	1431	1358	1443	1384	16664	9.1
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	143	149	164	171	171	-11.0
Producers' Market Inventories	585	486	372	365	365	345	345	-34.8
Consumers' Purchased Inventories	545	492	543	529	480	456	456	-8.2
Waste Paper at Paper & Bd. Mills	1053	967	887	891	844	843	843	-14.6
Days of Supply at Pulp Mills of								
Chemical Paper Grade Mkt Pulp	42	30	20	20	21	18	18	-43.8

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

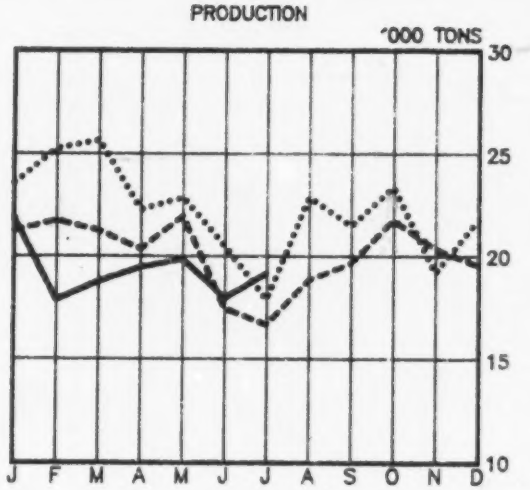
BLEACHED BRISTOLS

PRODUCTION



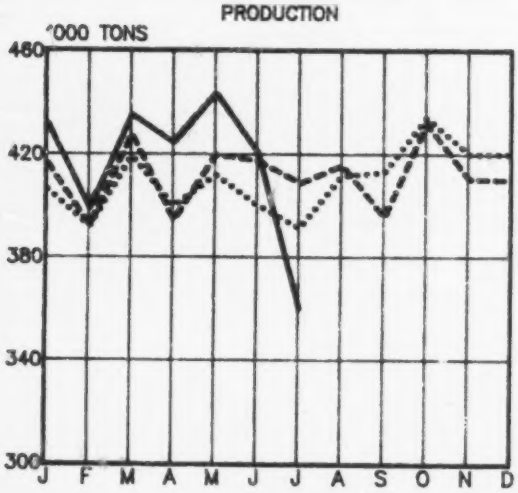
THIN PAPER

PRODUCTION



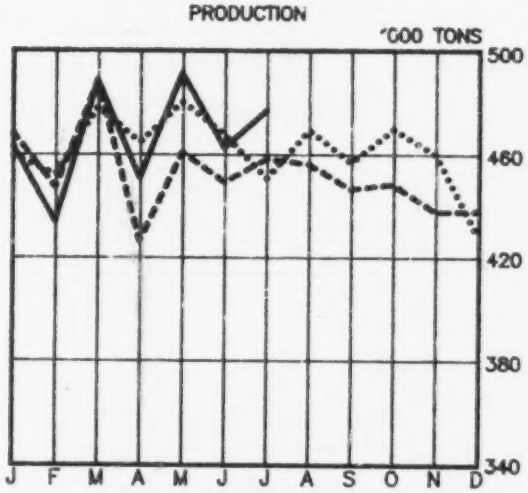
TISSUE PAPER

PRODUCTION



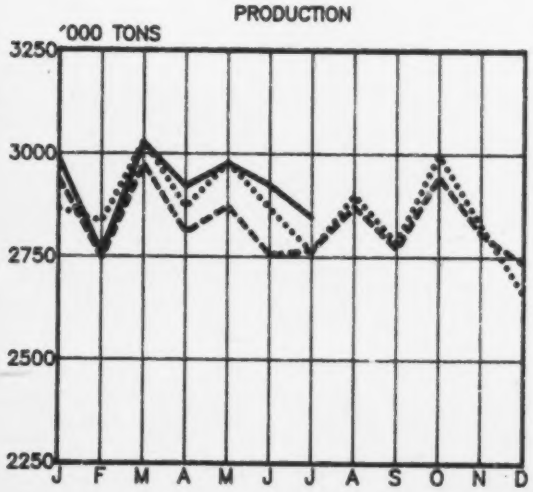
NEWSPRINT

PRODUCTION



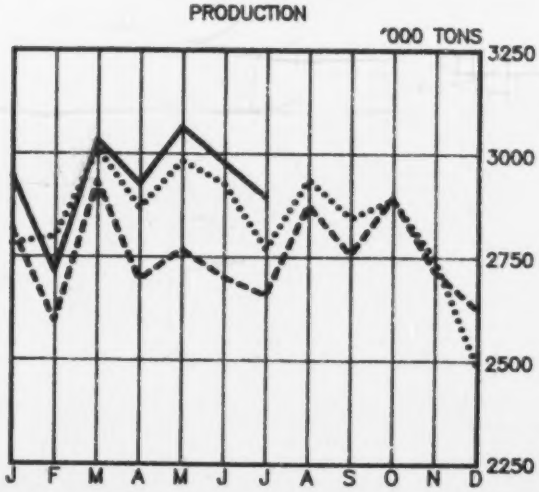
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ····· 1985 - - - - 1986 ——

F I B R O U S R A W M A T E R I A L S
(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1984	YEAR 1985	MAR. 1986	APR. 1986	MAY 1986	JUNE 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	88876	85503	7294	7591	7277	7372	90210	5.1
	- Total Consumpt	87646	85744	7478	7742	7499	7563	90846	5.1
	- Residues *	32072	30447	2623	2974	2864	2748	33438	9.6
	- Inventories	5574	5046	5433	5335	4910	4851	4851	-1.5
So. Atlantic	- Total Receipts	27654	27589	2410	2573	2381	2427	29698	8.6
	- Total Consumpt	27344	27815	2436	2551	2395	2480	29512	6.6
	- Residues *	8198	7970	699	802	816	779	9412	20.5
	- Inventories	1444	1117	1243	1147	1117	1096	1096	-1.2
Northeast	- Total Receipts	7665	7430	625	520	526	596	7176	-3.6
	- Total Consumpt	7474	7394	635	639	573	615	7458	-3.5
	- Residues *	1501	1539	125	138	118	123	1450	-10.8
	- Inventories	590	544	540	411	360	345	345	-21.9
South Central	- Total Receipts	30693	29786	2454	2604	2539	2496	31160	3.1
	- Total Consumpt	30502	29914	2572	2623	2711	2578	31634	4.3
	- Residues *	9059	9207	763	829	823	778	9634	2.7
	- Inventories	1304	1198	1279	1262	1087	992	992	-13.2
North Central	- Total Receipts	6872	6430	504	423	484	522	6338	-1.9
	- Total Consumpt	6563	6296	548	567	567	580	6700	4.9
	- Residues *	1472	1290	85	92	88	78	1068	-21.1
	- Inventories	906	884	970	873	807	762	762	-10.8
West	- Total Receipts	15992	14264	1301	1471	1347	1331	15838	10.3
	- Total Consumpt	15763	14325	1287	1362	1253	1310	15542	8.8
	- Residues *	11842	10458	951	1113	1019	990	11874	14.8
	- Inventories	1330	1303	1401	1642	1539	1656	1656	20.3

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 02-Jan-80

U N I T E D S T A T E S T R A D E W I T H C A N A D A

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	MAY Tons	MAY 1986 $000's	JUNE Tons	JUNE 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	8874	685	1039	74	40478	10.7
Pulpwood chips	788486	21955	90332	2126	74301	1651	911528	4.2
Wood Pulp, Total	4020736	1385871	360134	121048	345483	116247	3831134	-6.5
Waste Fibrous Materials, Total	144564	36371	14140	2409	15581	2733	165144	2.1
Paper, Board & Products, Total	9734523	4306694	873125	390204	765448	332666	9673431	-1.1
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9640776	4264985	861898	373452	756289	317759	9557205	-1.5
Paper, Paperboard & Products	9380235	4215314	848553	382889	745985	326795	9424269	0.5
Paper & Paperboard, Only	9286488	4073606	837326	366137	736827	311888	9308043	0.1
Paper, Total	9132128	4030872	816950	360744	723208	308192	9099024	-0.5
Newsprint	8117986	3496944	726641	313619	647303	270394	8125886	-0.9
Printing, Writing & Rel. Pap.	841500	435561	72746	38034	56479	28448	771740	-0.6
Pack. & Ind. Conv. Paper	124100	64640	14330	6631	16539	7270	165722	49.2
Special Industrial Paper	3463	5393	387	650	293	492	4183	28.8
Tissue Paper	45081	28334	2846	1809	2594	1587	31493	-36.4
Paperboard, Total	154360	42734	20376	5393	13619	3696	209019	35.5
Convtd Paper&Paperbd Products	93747	141708	11227	16753	9158	14907	116226	46.9
Wet Machine Board	2184	1481	178	121	196	130	2306	9.3
Construction Paper & Board	352104	89898	24394	7194	19266	5741	246856	-38.7

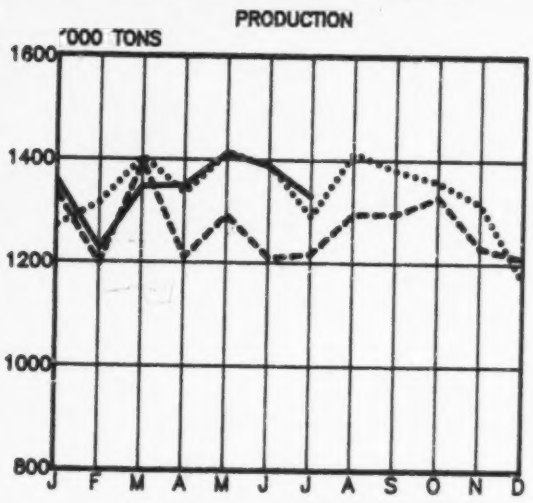
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	7834	494	4742	286	41526	4.5
Pulpwood chips	82626	4780	1508	100	3385	247	62780	-26.4
Wood Pulp, Total	203934	79541	16678	5138	22264	6369	271602	36.8
Cotton Pulp & Other Pulp	15083	6252	1065	498	2519	701	25760	142.2
Waste Paper	209087	23249	14582	1527	17029	1845	180396	-22.4
Paper, Board & Products, Total	736140	485290	60753	34571	74806	36578	906954	20.6
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	49376	24796	61896	26252	757866	29.0
Paper, Paperboard & Products	710785	473839	58586	33705	72159	35700	878670	20.8
Paper & Paperboard, Only	554413	322162	47210	23930	61249	25374	729581	29.7
Paper, Total	271754	223971	20614	16781	20824	16640	300307	-0.8
Newsprint	3757	3276	445	366	524	464	3785	18.2
Printing, Writing & Rel. Pap.	133800	118625	10265	8862	10882	8362	124499	-20.1
Pack. & Ind. Conv. Paper	41327	23536	2418	1444	1751	1156	28069	-42.7
Special Industrial Paper	90071	74893	7322	5855	7384	6154	141211	54.1
Tissue Paper	2799	3641	164	255	284	504	2744	-5.3
Paperboard, Total	282658	98191	26596	7149	40425	8734	429275	65.2
Convtd Paper&Paperbd Products	156372	151676	11376	9775	10910	10325	149088	-9.5
Wet Machine Board	5786	4243	1103	442	1501	445	10870	95.2
Construction Paper & Board	19570	7209	1064	424	1146	433	17414	-9.8

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 02-Jan-80

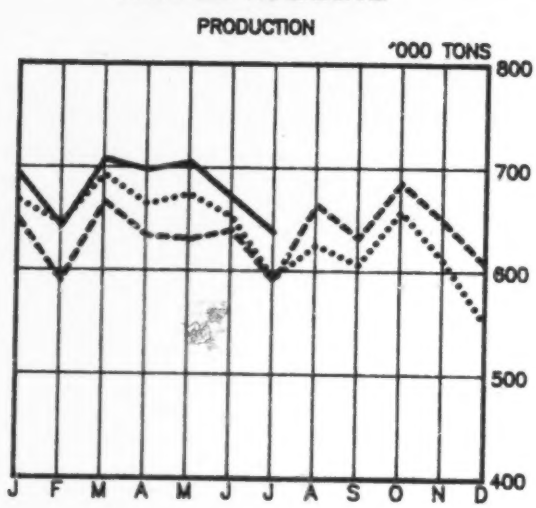
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



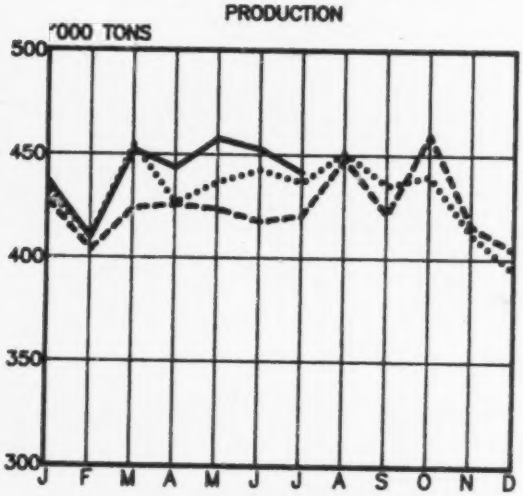
RECYCLED PAPERBOARD

PRODUCTION



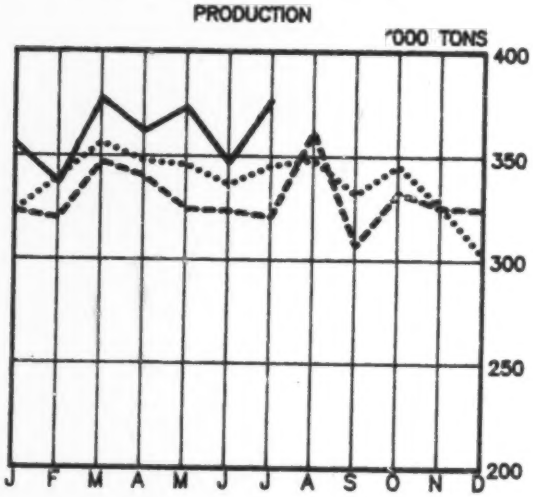
SEMICHEMICAL PAPERBOARD

PRODUCTION



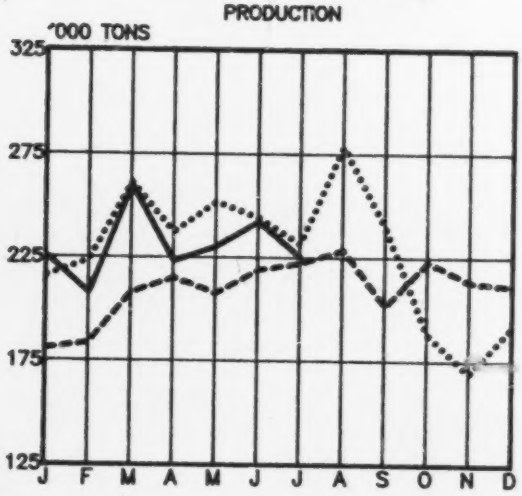
SOLID BLEACHED PAPERBOARD

PRODUCTION



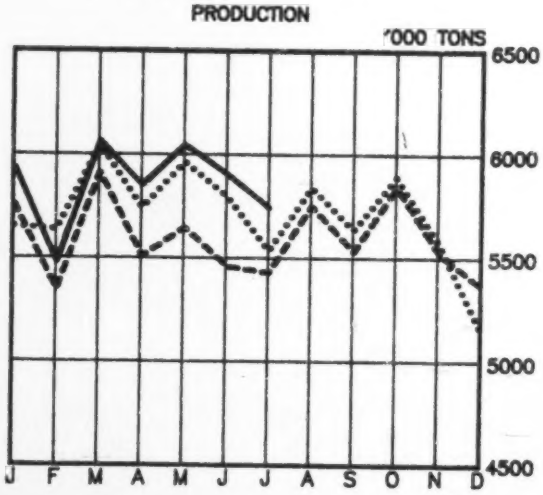
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ····· 1985 - - - - - 1986 ——

I M P O R T S

	YEAR 1985 Tons	YEAR 1985 $000	1986 MAY Tons	1986 MAY $000	1986 JUNE Tons	1986 JUNE $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood Roundwood (cords)	31755	2606	8874	685	1039	74	42678	-24.9
Pulpwood Chips	789382	22006	90371	2139	74340	1660	914144	4.4
Total All Imports	16156209	7255817	1470035	657714	1317755	590363	16246456	-0.4
Wood Pulp Total	4465746	1520907	422443	139836	370463	124962	4492128	-0.3
Waste Paper	87413	10160	8977	939	8222	984	98088	18.8
Other Fibrous Materials	81430	26949	9137	2347	15280	2852	138572	38.6
Paper Board & Products Total	11521619	5697802	1029478	514593	923790	461565	11517668	-0.9
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	996569	450406	892816	397365	11164032	-1.7
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	996323	503571	897063	452347	11183430	0.2
Paper & Paperboard Only	10821629	4962757	963414	439384	866089	388147	10829793	-0.7
Paper Total	10637428	4905882	940079	432735	848650	382622	10577433	-1.4
Newsprint	8496568	3638716	751706	323052	678137	282584	8452612	-1.1
Printing & Writing	1912867	1116225	164285	94503	147196	86121	1841137	-6.2
Uncoated Groundwood	1027211	530619	83528	43931	68852	34134	902304	-13.7
Coated Print.& Impreg. Pap.	496072	363855	38079	27066	47448	33739	464649	-16.5
Uncoated Free Sheet	364848	198432	39211	20800	26893	15607	428572	28.5
Uncoated Book	200927	106586	21903	11208	12919	7636	219069	21.1
Writing and Similar Paper	163921	91846	17309	9592	13974	7970	209503	37.3
Thin (except Cigarette)	23712	22276	3398	2618	3960	2589	45069	73.4
Bristols	1024	1043	69	89	42	52	542	-45.2
Total Pkg & Other Paper	172003	116390	18632	11659	19709	11522	225457	40.2
Unbleached Kraft Paper	63604	23976	8781	3296	10902	4070	98634	115.4
Other Pkg. & Indust. Paper	108398	92414	9851	8363	8808	7452	126822	10.3
Tissue	55991	35551	5456	3520	3608	2395	58228	3.9
Paperboard, Total	184201	55875	22336	6649	17439	5525	252360	39.8
Test or Containerboard	50975	16848	5998	2056	5068	1653	69825	31.3
Semi-Chemical Corrugating	65203	13706	10175	2154	6000	1242	90084	42.0
Other Paperboard	68023	25321	7163	2440	6371	2629	92451	44.7
Convtd Paper&Paperbd Products	283525	623320	32909	64187	30975	64200	353636	38.5
Paper Products, Total	258934	572316	30246	59455	28319	58473	325680	41.1
Paperboard Products, Total	24592	51004	2664	4732	2656	5727	27956	13.4
Wet machine Board	3270	2585	221	162	244	236	3508	8.2
Construction Paper & Board	413196	109140	32933	10860	26483	8982	330731	-27.3
Notes								
Other: No Weight Avail. ($000)		228219		17702		18055	195112	-7.0
Total Imports Incl. Other($000)		7484036		675416		608418	7471564	-1.3

E X P O R T S

	YEAR 1985 Tons	YEAR 1985 $000	1986 MAY Tons	1986 MAY $000	1986 JUNE Tons	1986 JUNE $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (cords)	51765	3037	7834	494	5336	313	47524	17.4
Pulpwood Chips	2116137	168814	265091	19606	111715	8407	2086534	-8.6
Total All Exports	11261281	4042068	1091908	398412	1075527	382548	13037348	14.8
Wood Pulp,Total	3791102	1352708	365182	139376	372043	140262	4436528	14.9
Cotton Pulp and Other Pulp	107224	71802	11404	6473	8929	4482	176654	91.7
Waste and Old Paper	3285926	349258	300736	32047	309857	33756	3691016	10.7
Paper, Board & Products,Total	4077029	2268300	414586	220517	384698	204048	4733150	16.4
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3586119	1588157	370575	165078	342077	147582	4224330	19.2
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	407581	216442	376965	200168	4638290	16.0
Paper & Paperboard, Only	3517311	1548451	363571	161004	334344	143702	4129470	18.8
Paper, Total	779000	594338	70974	55465	66255	53108	841377	3.1
Newsprint	314385	131379	28888	14773	26919	14877	314487	-3.0
Printing & Writing	202826	201845	15165	15117	17524	15685	200140	-7.1
Uncoated Groundwood	36779	31727	2670	2003	3654	2483	47703	22.4
Clay Coated Paper	82461	65710	6889	5138	7008	5122	82651	1.6
Uncoated Free Sheet	64573	77929	4259	6026	4783	6164	50997	-30.7
Other Printing & Writing	19013	26479	1348	1949	2080	1917	18790	-12.8
Total Pkg. & Other Paper	243671	242909	25741	24081	20259	20580	310857	22.3
Unbleached Kraft	67695	29931	11358	4439	6368	2500	80484	12.0
Other Pkg. & Indust. Paper	175976	212978	14384	19642	13891	18080	230373	26.4
Tissue	18118	18205	1180	1493	1553	1966	15892	-29.1
Paperboard, Total	2738310	954113	292596	105539	268089	90595	3288093	23.6
Solid Wood Pulp	2492746	872281	268289	99033	237477	85273	2936608	20.4
Total Linerboard	1807151	480909	192617	54417	173167	50539	2140554	24.0
Bleached Kraft Linerboard	130359	45687	17643	5964	13431	5447	154399	32.1
Unbleached Kraft Linerbd	1676791	435222	174974	48453	159736	45093	1986155	23.4
Other Unbleached Kraft	100651	41053	16386	6469	13292	4750	153904	43.8
Other Bleached Kraft	523091	335026	55852	37194	45063	28358	570905	4.3
Semi-Chemical Corrugating	61853	15293	3435	953	5955	1626	71246	22.3
Recycled Paperboard	245564	81833	24308	6507	30613	5321	351485	58.3
Convtd Paper&Paperbd Products	490910	680143	44010	55438	42621	56465	508820	-2.6
Paper Products, Total	237191	464174	20449	36441	17128	36655	226587	-10.4
Paperboard Products, Total	253719	215970	23562	18998	25494	19810	282233	4.7
Wet Machine Board	13380	6930	1672	651	2227	691	20531	47.6
Construction Paper & Board E	55429	32776	5333	3423	5506	3190	74328	38.9
Notes								
Other: No Weight Avail. ($000)		6618		725		839	8348	25.7
Total Exports Incl. Other($000)		4048687		399137		383386	4477410	6.2

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1984	1985	MAR. 1986	APR. 1986	MAY 1986	JUNE 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.9	289.0	290.1	291.3	292.1	289.7	-1.9
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	291.5	292.5	293.7	294.2	292.2	-1.8
Total Wood Pulp	395.0	347.2	335.0	333.9	345.1	357.5	338.8	-5.1
Total Paper	303.2	303.6	301.5	303.4	304.3	304.5	302.7	-0.7
Total Paper, exc. Newsprint	301.2	298.8	295.5	297.8	298.9	298.8	297.0	-1.0
Newsprint	324.1	332.9	324.3	324.1	324.1	323.1	324.1	-2.8
Total Paperboard	280.6	275.5	266.1	266.7	266.3	268.6	265.8	-6.5
Total Paper and Paperboard *	296.1	294.8	290.4	291.9	292.4	293.2	291.1	-2.4
Converted Products	280.7	288.1	286.4	287.4	288.4	287.8	286.9	-1.0
Waste Paper	240.1	148.8	139.5	146.7	149.1	168.3	144.9	-12.5
All Commodities	310.4	308.9	300.3	297.9	299.2	298.9	301.7	-2.5
Industrial Commodities	322.6	324.0	314.0	311.3	311.7	311.6	315.3	-2.6

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

GENERAL ECONOMIC DATA
1947-1986

Year	Total Gross National Product (Billions of $)	Total GNP In 1982 Prices (Billions of $)	New Supply # Paper and Paperboard: Total 000 Tons	New Supply # Paper and Paperboard: 000 Tons Per Bil. $ of Real GNP	Paper & Paperboard Production # 000 Tons	Industrial Production (1977 = 100)
1947	235.2	1,066.7	24,461	22.93	20,800	29.0
1959	495.8	1,629.1	38,359	23.55	33,748	48.8
1969	964.0	2,423.9	57,423	23.69	52,914	81.2
1974	1,472.8	2,729.3	63,308	23.20	59,040	93.0
1976	1,782.8	2,826.7	62,015	21.94	58,329	92.6
1982	3,166.0	3,166.0	64,763	20.46	69,988	103.1
1983	3,405.7	3,279.1	71,233 R	21.72	66,815 R	109.2
1984	3,765.0	3,489.9	76,939 R	22.05	70,250 R	121.8
1985	3,998.1	3,585.2	76,308	21.28	68,863	124.5
1986 First Half	4,165.8 E	3,660.8 E	77,800 E	21.25	71,450 E	125.0

- Includes production of wet machine board, construction paper and insulating board. Data for these grades after 1982 are estimated by A.P.I.

R - Revised * - Annual Rate ** - Percent Change 1983 Average to 1st Half 1986

E - Estimated Seasonally Adjusted

American Paper Institute
Economics Department
August, 1986

Continued from Page 2

During the first half of last year, inventories of paperboard at mills and plants were sharply reduced. That meant that a sizable volume of consumption was supplied from inventory rather than current production.

This trend toward reduced inventories continued into 1986, but at a much slower pace, so that nearly all of the higher consumption now draws from current production. The current level of inventories -- now near 6 weeks of supply -- offers positive support to current production in two ways. First, it suggests that production will at least match consumption levels, which are rising, albeit slowly. Second, in this period of uncertain demand, these relatively low levels of inventory give some assurance that, in the near term future at least, there will be no need to curtail production in order to reduce inventories.

All the major grades of paperboard have shared this strong demand pattern. As the table on page 3 shows, the production of unbleached kraft paperboard in the first seven months of 1986 was 6.8% above its year-ago level and 1.6% above the record-high 1984 average rate. Solid bleached paperboard was up 10% from comparable 1985 levels, marking a major turnaround from its earlier trend. Recycled board is also showing unusual strength, rising 8% over year-ago levels and 6.7% above its 1984 rate.

The gains in containerboard production are fully consistent with the increase of 6.2% in fiber box shipments in the first seven months of the year. At the same time, production of kraft linerboard for export continued relatively strong in July; the year-to-date rate was over 2 million tons per year, 14% above its year-ago level and close to the 1984 level.

The strength in bleached board production reflected major increases in demand for both domestic and foreign use. For July alone the production of bleached kraft folding boxboard showed a 24% gain over its year-ago level, bringing the seven-month total some 14% over its comparable year-ago rate. Similarly, milk carton and food service stock showed a 6.7% gain for the January-July 1986 period, sparked by a 10% increase in cup stock and an 8.5% increase in plate, dish and tray stock.

In recycled paperboard, the major gains tended to be outside the packaging grades. Thus, production of recycled folding boxboard in the first seven months of 1986 was only 0.8% ahead of its year-ago rate, while set-up boxboard was 2.5% <u>below</u> its year-ago rate. However, the other uses, including gypsum wallboard facing, gained 8.8%

Continued on Page 12

Continued from Page 11

Capital Expenditures and Appropriations

The Department of Commerce recently reported that paper and allied products companies planned to spend $9.1 billion on new plant and equipment in 1986, a new high and 6.6% above the 1985 level. This compares with a decline of 2.6% in expenditures by all manufacturers in 1986 and a modest gain of 0.2% in expenditures by all industries.

The latest report by the Conference Board, however, suggests that the rate of increase in expenditures on new plant and equipment by paper and allied products companies will begin to slow down shortly. The Board reported that the paper and allied products companies included in the 1,000 largest U.S. corporations appropriated only $326 million for new plant and equipment in the first quarter of 1986, marking a decline of 57% from the average level of such appropriations during the preceding three quarters. The Board also reported that these companies spent a record-high $4.0 billion on new plant and equipment in 1985, which compares to the $8.5 billion total reported by the Department of Commerce for all paper and allied products companies.

The relatively low level of appropriations noted for the first quarter of 1986 was only 30% of the capital expenditure level. This brought the closing backlog of unspent appropriations to $4 billion -- 20% below their-ago level. While this backlog is still large enough to keep expenditures near current levels for the remainder of 1986, the current drop in appropriations does portend some downward pressures on future capital expenditures.

AUGUST 31, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1984	1985	May	June	July	1986	
Total Production (API).....: excluding :...	68450	67056	6045	5904	5742	70304	5.0
Total Seasonally Adjusted....:construction:...			5827	5884	6006	70094	5.0
Imports (including Products).: and wet :..E	10576	11106	996	897	N.A.	11129	0.5
Exports (including Products).: machine :..E	4309	4009	408	377	N.A.	4619	16.6
Apparent Consumption.....: grades :...	74717 a	74153 b	6416	6404	6531	76604 c	3.7
Paper Production % Tonnage Capacity.....	92.7 g	90.5 g	90.4	91.7	85.9	92.1 gh	-
Paperboard Production % Tonnage Capacity.....	94.6 g	89.9 g	94.6	95.2	89.0	93.6 g	-
			Apr	May	June		
IMPORTS.....:Including Construction and :...	11075	11521	884	1029	924	11518	-0.9
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	416	415	385	4733	16.4
			Apr	May	June		
MARKET WOOD PULP PRODUCTION - Tons (000).....	6897	6800	587	623	681	7476	8.6
TOTAL WOOD PULP PRODUCTION - Tons (000).....	55470	54170	4763	4771	4807	56875	4.4
WOOD PULP IMPORTS - TONS (000).....	4490	4466	349	422	370	4490	-0.3
WOOD PULP EXPORTS - TONS (000).....	3594	3791	358	365	372	4436	14.9
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Apr	May	June		
Wood Pulp.....:consumption for:.....	54562	53297	4619	4706	4660	55433	3.9
Waste Paper.....:construction & :.....	15926	15290	1345	1443	1384	16540	7.9
TOTAL.....: WMB grades :.....	70488	68632	5806	5806	5806	71973	4.8
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7742	7499	7563	90846	5.1
EMPLOYMENT (000)			May	June	July		
Paper and Allied Products.....Total.....	682.3	683.3	687.5	696.8	689.6	687.1	0.8
Pulp, Paper and Board Mills.....Total.....E	263.9	257.7	252.1	256.7	258.0	254.5	-1.9
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.....	10.44	10.82	11.05	11.12	11.14	11.09	3.3
Pulp, Paper Mills.....E	12.45	13.11	13.42	13.53	13.53	13.45	3.9
Paperboard Mills.....E	12.99	13.60	13.90	13.97	14.00	13.93	3.7
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q3	1985 Q4	1986 Q1		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.53	8.64	9.60	8.46	8.85y	3.8
INDEX OF OUTPUT PER MAN-HOUR (1977=100).....			May	June	July		
:IN PULP, PAPER :...Production Workers.....	125.5	125.1	132.2	131.5	132.3	131.1	5.2
:AND BOARD MILLS:...All Employees.....	123.9	124.1	132.1	131.9	133.1	131.2	6.5
PAPER AND ALLIED PRODUCTS (Million $)			May	June	July		
Industry Shipments (Dept. of Commerce)*.....	95990	97664	8853	9125	9257	106179	9.1
Pulp, Paper and Paperboard*.....	41539	41830	3686	3836	4024	44885	7.6
Inventories (End of Period) - Total Industry*..	9701	9728	9757	9825	9942	9942	3.0
Pulp, Paper and Paperboard*.....	3662	3800	3883	3882	3913	3913	5.9
			1985 Q3	1985 Q4	1986 Q1		
Sales (Corporations Only).....	71891	71465	17868	17694	17575	35150	-0.8
Earnings (Corporations Only).....	3015	2880	597	695	589	1178	-17.7
Depreciation (Corporations Only).....	2798	3099	802	775	820	1640	7.5
Net Worth (Corporations Only).....	28160	29694	29564	29780	30033	30033	2.9
PRICE INDEXES (Bureau of Labor Stats)1967=100.			May	June	July		
Pulp, Paper & Products, ex. Building Grades....	292.9	292.2	291.3	292.1	293.7	290.3	-1.5
Wood Pulp.....	395.0	347.2	345.1	357.5	367.7	343.0	-3.5
Waste Paper.....	240.1	148.8	149.1	168.3	195.0	152.1	-6.2
Paper.....	303.2	303.6	304.3	304.5	305.6	303.1	-0.5
Paperboard.....	280.6	275.5	266.3	268.6	270.5	266.4	-5.7
PAPER DEMAND (INDEXED: 1977=100)			May	June	July		
Total Paper Production *.....	124.0	122.9	126.7	127.9	129.4	126.7	3.0
Paper New Supply *.....	127.6	128.7	134.8	134.0	135.1	132.3	2.8
Demand Indicators - (Weighted Average) *.....	136.7	142.1	148.4	148.8	148.8	146.7	4.1
Production of Nondurable Goods *...(21.2%).	122.5	125.5	130.4	130.3	130.2	129.5	4.1
Disposable Income .....*.(23.9%)	124.0	126.8	130.7	130.6	130.8	129.7	2.5
Total Printing and Publishing *...(54.9%).	147.8	155.1	163.0	163.9	163.8	160.7	4.8
Trend Factor			Not Available				
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.....	117.3	114.3	120.3	121.5	125.2	120.9	7.2
Production for Domestic Use	115.2	112.8	118.3	119.0	123.7	118.9	6.7
Demand Indicators - (Weighted Average) *.....	118.3	120.3	122.0	121.7	121.5	121.9	1.9
Production of Consumer Goods *...(62.06%)	118.2	120.7	124.6	124.2	123.9	123.9	3.5
Production of Equipment *...(5.75%)	140.5	147.1	141.7	140.1	140.1	143.2	-2.1
Production of Materials *...(32.19%)	114.6	114.7	113.5	113.5	113.6	114.4	-0.4
Trend Factor			Not Available				
NEWSPRINT MARKETS							
Consumption by Publishers - Tons (000).....	12602	12773	Apr 1102.3	May 1140.9	June 1094.6	12855	3.1
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	461.0	461.0	461.0	920	2.1
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.).....	157798	154118	13541	13994	12700	150830	-0.8
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	3213	3112	3121	37444	10.5
Inventories (End of Period).	2724	3155	3157	3117	3217	3217	7.9
FIBRE BOX DATA (Fibre Box Association)			May	June	July		
Fibre Box Shipments (Million square feet).....	267549	267451	23293	23431	23976	282267	6.2
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2394	2320	2380	2380	-15.6
RETAIL TRADE (Million $)			Apr	May	June		
Total Retail Sales *.....	1291835	1378161	117139	118675	118602	1411836	4.0
Nondurable Goods Stores Sales *.....	841417	866541	72535	73121	73365	878506	2.5
GENERAL ECONOMIC DATA							
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.5	May 124.6	June 124.2	July 124.1	125.0	0.8
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.4	308.8	299.2	298.9	297.2	301.0	-2.7
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	326.3	327.9	328.0	327.1	2.3
			Apr	May	June		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	497.4	550.2	556.8	566.1	566.1	13.8
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q4	1986 Q1	1986 Q2		
G.N.P. or Expenditure - Current $.....	3765.0	3998.1	4087.7	4149.2	4182.3	4165.8	5.8
G.N.P. or Expenditure - 1982 $.....	3489.9	3585.2	3622.3	3655.9	3665.7	3660.8	2.9

lb/capita

Pap&Papbd	Othr	Totl	Popul(mil)
.a - 631	+ 19	= 650	236.7
.b - 620	+ 18	= 638	238.6
.c - 636	+ 17	= 653	240.0e

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data: standard dev. = 6-8%
N.A. - Not Available
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

August 31, 1986

PRODUCTION (000 TONS)

	July 86	June 86	July 85	Jan. - July 86	Jan. - July 85	% Change 86/85
PAPER GRADES						
Newsprint	477	463	458	3269	3200	2.1
Printing & Writing	1589	1626	1488	11269	10784	4.5
Uncoated Groundwood (s)	128	123	120	871	857	1.6
Coated Paper (s)	482	504	467	3504	3547	-1.2
Uncoated Free Sheet Paper (s)	872	877	801	6089	5620	8.3
Thin Paper (s)	19	18	17	135	141	-4.0
Cotton Fiber Paper (s)	11	13	10	88	84	5.9
Bleached Bristols (s)	76	92	73	581	535	8.6
Tissue Paper	360	421	409	2915	2877	1.3
Total Pkg & Other Paper	422	417	414	3006	3018	-0.4
Unbleached Kraft Packaging & Indl. Converting (s)	285	274	281	1984	1980	0.2
Other Paper *	138	143	133	1022	1039	-1.6
TOTAL PAPER	2848	2926	2769	20458	19879	2.9
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1439	1508	1327	10182	9532	6.8
Unbleached Kraft Linerboard	1327	1385	1215	9394	8837	6.3
Other Unbl. Kraft Paperboard	111	123	112	789	695	13.5
Semichemical Paperboard	441	452	420	3091	2940	5.1
Bleached Paperboard	377	347	320	2527	2298	10.0
Recycled Paperboard	637	671	589	4752	4395	8.1
TOTAL PAPERBOARD	2893	2978	2657	20553	19165	7.2
TOTAL PAPER AND PAPERBOARD	5742	5904	5426	41011	39044	5.0

WOOD PULP (ALL GRADES)	June 86	May 86	June 85	Jan. - June 86	Jan. - June 85	% Change 85/84
Dissolving & Special Alpha	107	110	94	624	632	-1.3
Bleached Sulfite	115	116	99	695	687	1.1
Unbleached Sulfite	15	15	8	86	103	-16.8
Bleached & Semi-Bl. Sulfate	2037	1958	1994	11966	11390	5.1
Unbleached Sulfate	1742	1766	1573	10306	9734	5.9
Semichemical	345	340	337	2034	2032	0.1
Groundwood & Thermomechanical	447	466	419	2726	2671	2.1
TOTAL PULP DIVISION DATA	4807	4771	4523	28437	27249	4.4

(s) - Shipments
P - Preliminary
R - Revised